

PERPETUAL LEASEHOLDS

Exchanges of notes at Tokyo March 25, 1937

Entered into force March 25, 1937

Revived (after World War II) July 22, 1953,¹ pursuant to article 7 of treaty of peace signed at San Francisco September 8, 1951²

50 Stat. 1611; Executive Agreement Series 104

The American Ambassador to the Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

No. 705

Tokyo, March 25, 1937 (12 Showa)

EXCELLENCY:

On March 4, 1937, I had the pleasure to inform the Imperial Japanese Ministry of Foreign Affairs that the Government of the United States was prepared to accept a mutually satisfactory settlement of the perpetual lease system which originated in former treaties between the United States and Japan, and on that basis I now have the honor, under instructions from my Government, to confirm to Your Excellency the following understanding between the Government of the United States of America and the Imperial Japanese Government:

(1) That the said system of perpetual leases shall come to an end on the first day of the fourth month of the seventeenth year of Showa, corresponding to the 1st day of April, 1942, when the leaseholds shall without compensation be converted into the rights of ownership in accordance with the provisions of Japanese laws and ordinances. Such conversion shall be effected free of registration taxes in respect of lands under perpetual leases and buildings thereon.

(2) That until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained, and no further claims shall be made by the Japanese authorities for arrears of such disputed taxes as may still be uncollected.

¹ *Department of State Bulletin*, May 18, 1953, p. 721.

² 3 UST 3175; TIAS 2490.

While requesting Your Excellency to be good enough to confirm the above understanding, I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

JOSEPH C. GREW

His Excellency

Mr. NAOTAKE SATO,

*His Imperial Japanese Majesty's
Minister for Foreign Affairs,
etc., etc., etc.*

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

TOKYO, *March 25, 12 Showa (1937)*

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date in which Your Excellency has informed me as follows:

[For text of U.S. note, see above.]

I have the honor to inform Your Excellency that I hereby confirm the above understanding for a final settlement of this question.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

NAOTAKE SATO

His Excellency

Mr. JOSEPH CLARK GREW,

*Ambassador Extraordinary and Plenipotentiary
of the United States of America.*

The American Ambassador to the Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

Tokyo, March 25, 1937

MY DEAR MINISTER:

Permit me to refer to my note of today's date relating to the system of perpetual leases and to inform you that by the words "until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained", it is understood that until March 31, 1942, no taxes at present in force shall be collected other than those heretofore collected from

the leaseholders, nor shall any taxes which may be introduced in the future be collected from the leaseholders if such taxes are directly connected with the perpetual leaseholds.

In the event of an American leasehold being transferred it is also understood that it shall continue to be subject to the terms of the understanding in my note under reference.

The friendly spirit in which this settlement has been brought about will, I trust, ensure its successful operation.

Sincerely yours,

JOSEPH C. GREW

His Excellency

Mr. NAOTAKE SATO,

*His Imperial Japanese Majesty's
Minister for Foreign Affairs,
etc., etc., etc.*

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

TOKYO, *March 25, 12 Showa (1937)*

MY DEAR AMBASSADOR:

I have the honour to acknowledge the receipt of Your Excellency's letter of today's date in which Your Excellency was so good as to inform me that by the words "until the thirty-first day of the third month of the seventeenth year of Showa, corresponding to the 31st day of March, 1942, the present position as regards tax exemptions shall be maintained", it is understood that until March 31, 1942, no taxes at present in force shall be collected other than those heretofore collected from the leaseholders, nor shall any taxes which may be introduced in the future be collected from the leaseholders if such taxes are directly connected with the perpetual leaseholds.

I take pleasure in confirming Your Excellency's understanding on this point and also with respect to the status of an American leasehold in the event of its transfer, and I reciprocate Your Excellency's hope that the friendly spirit in which this settlement has been brought about will ensure its successful operation.

NAOTAKE SATO

His Excellency

Mr. JOSEPH CLARK GREW,

*Ambassador Extraordinary and Plenipotentiary
of the United States of America.*